

Message Text

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ACTION EUR-25

INFO OCT-01 ARA-16 ISO-00 AID-20 CIAE-00 DODE-00 PM-07

H-03 INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01

SS-15 USIA-15 EB-11 AGR-20 COME-00 TRSE-00 OMB-01

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R 051239Z SEP 73

FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC 659

INFO AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY OSLO

USOECN PARIS 1498

AMEMBASSY SANTIAGO

UNCLAS STOCKHOLM 3145

E.O. 11652 N/A

TAGS: EAID, SW

SUBJECT: INCREASE IN SWEDISH AID TO CHILE

1. IN A PRESS RELEASE DATED AUGUST 31, FOREIGN MINISTRY ANNOUNCED THAT UNDER AGREEMENT SIGNED THAT DAY IN SANTIAGO, SWEDEN WOULD INCREASE ITS AID TO 40 MKR (\$9.5 MILLION) FOR FY 1973/74. SWEDISH AID TO CUBA HAD EARLIER BEEN SET AT 30 MKR FOR THIS FISCAL YEAR. AID FOR FY 72/73 TOTALLED 25 MKR, I.E. 24.2 MKR TO CHILE AND .8 MKR TO UNCTAD'S INTERNATIONAL TRADE CENTER FOR CHILEAN EXPORT PROMOTION. ASSISTANCE THIS YEAR WILL BE USED PRIMARILY FOR "IMPORTING GOODS NECESSARY FOR COUNTRY'S ECONOMY, SOME OF WHICH WILL BE SUPPLIED BY SWEDEN". REPORTEDLY 15 OF 40 MKR WILL BE IN FORM OF GRANT.

2. PRESS RELEASE FURTHER STATED THAT FOREIGN MINISTER KRISTER WICKMAN COMMENTED ON AGREEMENT AS FOLLOWS:

"WE IN SWEDEN HAVE BEEN FOLLOWING WITH SYMPATHY AND

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RESPECT THE CHILEAN GOVERNMENT'S ENDEAVORS TO PURSUE, IN A

DEMOCRATIC AND REFORMIST SPIRIT, AN ECONOMIC AND SOCIAL POLICY
IN ORDER TO RAISE THE STANDARD OF LIVING OF THE IMPOVERISHED
POPULAR MAJORITY OF THE COUNTRY.

"THE TENSIONS WHICH SUCH A POLICY CANNOT AVOID CREATING
HAVE BEEN SERIOUSLY EXACERBATED BY POOR HARVESTS AND BY
EXTENSIVE FOREIGN ECONOMIC AGGRESSION AGAINST THE REPUBLIC OF
CHILE. BY TAKING LEGAL ACTION AGAINST CHILE'S COPPER EXPORTS,
THE US FIRM OF KENNECOTT, WHOSE MINES HAVE BEEN NATIONALIZED,
HAS PARTLY SUCCEEDED IN BLOCKING COPPER PAYMENTS TO CHILE. IN
1971, THE WORLD BANK SUSPENDED ITS LENDING TO THE COUNTRY. IN
SCANDALOUS FORMS, THE MULTINATIONAL COMPANY ITT HAS SOUGHT TO
INTERFERE WITH THE INTERNAL AFFAIRS OF CHILE WITH THE OBJECT
OF DEPOSING ALLENDE.

"IN THE LIGHT OF CHILE'S GROWING PROBLEMS OF FINANCING ITS
NECESSARY IMPORTS, SWEDEN GRANTED IMPORT CREDITS TOTALLING
24.2 MILLION KRONOR LAST YEAR. THE GOVERNMENT ALSO APPROVED
THE GRANTING OF EXPORT CREDIT GUARANTEES TOTALLING 100 MKR.
THE AGREEMENT JUST SIGNED CONSTITUTES A FOLLOW-UP OF THIS
POLICY."

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